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Turkey

LOCK-UP REPORT

Turkey Grain and Feed July Lock Up Report

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Report Highlights:
The Turkish wheat harvest finished in the Cukurova, Southeast, Aegean and Thrace regions. Harvesting continues in the Central Anatolian and high plateau regions. Excessive rain in April and May reduced crop quality; wheat production now is expected to reach 17.8 MMT. The barley harvest has started in the Central Anatolian, Thrace and Southeast regions of Turkey. Barley production is forecast at 6 MMT. Second crop corn sowing started in the Cukurova region, and the production forecast is 3.8 MMT. Rice production is forecast at 715,000 MT. Lentil production is forecast at 280,000 MT.

Post:
Ankara

Commodities:
Barley

Corn

Wheat

Wheat, Durum

Executive Summary:

Executive Summary

Average rainfall from October 2008 to June 2009 in Turkey increased 29% compared to last year. This had positive effects on yields in some regions, like Central Anatolia, but excessive moisture reduced yields and quality in other areas, such as the Cukurova region.

Turkey imported 3.6 MMT of wheat in MY 2008. Due to increased demand for Turkish wheat flour, Turkey imported more high protein wheat than was forecast in MY 2008. Wheat flour exports reached 1.46 MMT in MY 2008, a 39% increase compared to MY 2007. The major market for Turkish wheat flour is Iraq.

Pasta and semolina exports decreased 16% and 39% respectively in MY 2008 as a result of orders cancelled in light of the economic crisis. However, exports returned to normal levels in June 2009 and are expected to increase in the coming months.

Wheat quality in all regions is lower than in MY 2008. Low protein content is a major problem in Central Anatolia, Cukurova, the Aegean and in the Southeast of Turkey resulting in a high level of production classified as feed grade wheat. Turkey is expected to import 2 MMT of wheat in MY 2009.

MY 2009 durum wheat harvest has not finished yet but it is forecast to be between 2.8 and 3 MMT; production and quality are better than in MY 2008. The. This high production level should lead to increased pasta and semolina exports in MY 2009.

The barley harvest has finished in Southeast Turkey and is almost finished in Central Anatolia. Barley yields and quality are better than wheat yields and quality. Because of these high yields, the market price for barley dropped to 300 TL/MT. Barley exports in MY 2009 will be higher than in MY 2009.

Second crop corn planting finished in the Cukurova and GAP regions. Due to decreased fertilizer prices, the second crop corn plantation area increased. Therefore, it is expected that the decrease in the first crop corn area will be offset by an increase in the second crop area and Turkey will produce 3.8 MMT of corn in MY 2009. Turkey's overall corn imports in MY 2008 were above the forecast level at 282,547 MT. The main reason for this was high demand from the poultry and livestock sectors.

The paddy rice area remains the same in MY 2009 compared to MY 2008. Due to the high amount of rainfall, a slight yield increase is expected and rice production should reach 715,000 MT.

The Undersecretariat of Foreign Trade stopped lentil exportation in July 2009 after high temperatures in April and May in the Southeast of Turkey badly affected yields. Red lentil harvesting has not finished, but production is forecast at 280,000 MT.

NOTE ON EXCHANGE RATES: In January1, 2009 the name of the Turkish currency changed from the New Turkish Lira (YTL) to the Turkish Lira (TRL). After steadily strengthening against the USD throughout 2007, the YTL stayed near USD 1.0 = YTL 1.2 through August 2008. From September to late October, the value fell to USD 1.0 = YTL 1.67, increased to USD 1.0 = TRL 1.70 in March 2009 and fell again in July 16, 2009 to USD 1.0 = TRL 1.53

Author Defined:

Production

Average rainfall in Turkey from October 2008 through June 2009 was 605.6 mm, slightly above the normal value. Last year during the same period, rainfall was only 504.4 mm.

The most striking increase in rainfall was near the Aegean and in the Southeast of Turkey. October to June cumulative rainfall in the Aegean region this season was 729.9 mm, while the average level for that region is 613.6 mm. Average rainfall from October 2008 to June, 2009 was below normal levels in the East and Southeast Anatolian Regions.

Table 1: Cumulative Rainfall in Turkey

Turkey: Recent Rainfall Levels			
Region	**Oct 2008- June 2009 (mm)**	**Oct 2008-June 2008 (mm)**	**Normal (mm)**
Marmara	588	526	579.7
Aegean	728.9	508.9	613.6
Mediterranean	811.5	629.1	773.3
Central Anatolia	410.2	316.5	365.8
Black Sea	695	736.5	685
East Anatolia	514	419.2	544
South East Anatolia	436	304.7	596.9

Source: Turkish State Meteorological Service

Wheat harvesting has finished in the Cukurova, Southeast and Aegean regions but continues in the Thrace and Central Anatolian regions. Excessive rain in April and May caused quality problems, so wheat production now is forecast at 17.8 MMT. In the Cukurova region, excessive moisture damaged wheat roots, lowering yields and quality. The average yield in the Cukurova region was 0.50 mt/ha, below last year's level.

Durum wheat harvesting has begun in Central Anatolia in the rainfed areas, and will start next week in irrigated areas. Durum wheat yields in Konya and Sanliurfa region are above last year's level. Not only the quantity but also the quality of the durum wheat in the Southeast and Central Anatolian regions are better than last year.

However, the durum wheat price in Sanliurfa is 480-530 TL/MT. Turkey produced an estimated 2.5 MMT of durum wheat in MY 2008 and is forecast to produce 2.9 MMT of durum wheat in MY 2009. Turkey consumed 2.5 MMT of durum wheat in MY 2008. Due to high yields, durum wheat is expected to be in surplus in MY 2009, so traders expect increased exports of pasta, bulgur and semolina in MY 2009.

In the Southeast of Turkey, some new crop wheat has low test-weights. High yields are still expected in Central Anatolia but the striped rust pathogen *Puccinia striiformis* has decreased the quality and yield in some regions.

The wheat harvest in some parts of the Aegean Region has finished. According to farmers, yields in the Soke valley of the Aegean Region were recorded at 0.45-0.7 mt/ha, which is below normal. Excessive rain and high density planting decreased yields in this area. Quality problems are common in the Aegean region, and most of the wheat grown there is classified as feed wheat.

Wheat gluten from wheat harvested in the Cukurova, Mediterranean and Aegean regions decreased to 20-26%. During the first harvests in Sanliurfa, the quality of the wheat was normal, but in later harvests the wheat quality decreased due to loss of moisture.

Flood and hail damage also affected some regions of Central Anatolia like Ankara, Corum, Yozgat and Konya. During the most recent hail storm, 15,000 ha of wheat and barley were damaged in Konya . Tekirdag and Kirklareli in the Thrace region and Manisa in Aegean region were also affected by heavy rains during the harvest time.

High quality wheat transactions usually take place at the Polatli Commodity Exchange. So far in MY 2009, however, 60% of wheat traded was classified as feed wheat and low quality wheat and only 30% of wheat was classified as milling wheat.

The barley harvest still continues in Central Anatolia. The quality and yield of the barley in Central Anatolia and in the Southeast of Turkey is above expectations

Second crop corn planting in Cukurova and the GAP region has finished. A small amount of area increase was observed in both of these regions. First crop corn plantation decreased in the Marmara and Cukurova regions.

Wheat

TMO (Turkish Grain Board) announced grain intervention prices on June 5, 2009 and stopped its sales of wheat (milling, pasta and biscuit) and barley on June 1, 2009 because of the start of the domestic wheat and barley harvest. Wheat importation under the inward procession regime also is suspended from May 15 to September 15, 2009.

TMO never announces wheat intervention prices in MY 2008 because of high market prices. Then due to high yields, TMO announced wheat prices for MY 2009, which are given in Table 3. TMO is expected to buy 4 MMT of wheat and 1 MMT of barley in MY 2009.

Table 2: TMO wheat intervention prices and wheat premiums

Turkey: TMO wheat intervention prices and wheat premiums

Year	Intervention price	Premium
2000	102	0
2001	164	0
2002	230	0
2003	325	0
2004	370.5	0
2005	350	30
2006	375	35
2007	425	45
2008	500	45

Table 3: TMO wheat intervention price and wheat premium

TURKEY: TMO GRAIN INTERVENTION PRICE FOR 2009-10							
TYPES OF WHEAT		INTERVENTION PRICE (TL/MT)				SALE PRICE (TL/MT)	
		JUNE-JULY-AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	OCTOBER	NOVEMBER
DURUM WHEAT	DURUM WHEAT FOR PASTA	525	535	545	555	600	610
	LOW QUALITY DURUM WHEAT FOR PASTA	450	460	470	480	515	525
MILLING WHEAT	ANATOLIAN HARD WHITE WHEAT	500	510	520	530	575	585
	ANATOLIAN HARD RED WHEAT	500	510	520	530	575	585
	WHITE SEMI HARD	475	485	495	505	545	555
	RED SEMI HARD	475	485	495	505	545	555
	OTHER RED AND WHITE WHEAT	450	460	470	480	515	525
	FEED WHEAT	420	430	440	450	490	500
BARLEY		375	385	395	405	440	450
RYE, TRITICALE		375	385	395	405	440	450
OATS		375	385	395	405	440	450
MINIMUM PRICE (BARLEY, RYE, OATS, TRITICALE)		330	340	350	360	390	400

Source: TMO

The grain premium, which was 45 TL/MT in MY 2007 and 2008, was increased to 50 TL/MT in MY 2009. TMO is ready to buy all grain products that are offered to them. For the first time TMO will buy grain from traders (minimum 80 MT) as well as farmers. Payments will be made one month after the delivery of the products. Farmers can deliver wheat to TMO as consignments and if they ask they can have a 30% advance payment. TMO will not charge any rent for deposited wheat.

Due to the low quantity of production, TMO didn't buy wheat in MY 2008. The Ministry of Agriculture and Rural Affairs announced total wheat production as 17.3 MMT in MY 2007 and 17.8 MMT in MY 2008. The official forecast of wheat production was announced as 20.6 MMT in MY 2009 by the Ministry of Agriculture and Rural Affairs.

The market price of wheat is 370-425 TL/MT in the Mediterranean region, 370-490 TL/MT in the South East, and 435-460 TL/MT in the Aegean Region. The market price is expected to decline when the harvest is entirely underway in the Central Anatolian region.

For the first time this year, TMO will use EU wheat quality standards for purchases. According to the previous standards, prices were reduced 2.5 TL/MT if the wheat had 14% moisture. In MY 2009 there will be no reduction for high moisture wheat but instead a 17.5 TL/MT bonus will be given if the moisture level of the wheat is 10% or less. Moreover according to the previous standards, a 37.5 TL/MT reduction was applied if Sune bug damage was 3.5% or higher but under the new standard there will be only be a 20 TL/MT reduction for the same amount of damage.

TMO procured 984,469 MT of wheat, and 540,204 MT of barley from June 5, 2009 to July 16, 2009. TMO is expected to buy 4 MMT of wheat and 1 MMT of barley at the end of MY 2009.

Table 4: TMO grain procurement between June 5, 2009 and June 29, 2009

Turkey: TMO grain procurement between June 5, 2009 and June 22, 2009							
Type of procurement	Durum Wheat	Milling Wheat	Feed Wheat	Barley	Rye	Oat	TOTAL
Deposit	9,786	38,788	9,091	27,344	0	0	85,08
Direct procurement	123,811	685,849	118,054	512,860	3,844	2	1,444,420
Total	133,687	723,637	127,145	540,204	3,844	2	1,529,428

Source: TMO

There is a big difference between the post forecast and the official Turkish forecast of wheat production this year. The Turkish forecast does not take into consideration production losses, resulting in a higher forecast. Another reason for inflated official forecasts is premiums. In order to get more premiums, yields are exaggerated. Official forecast numbers are given in the table below.

Table 5: Official Turkish wheat forecast

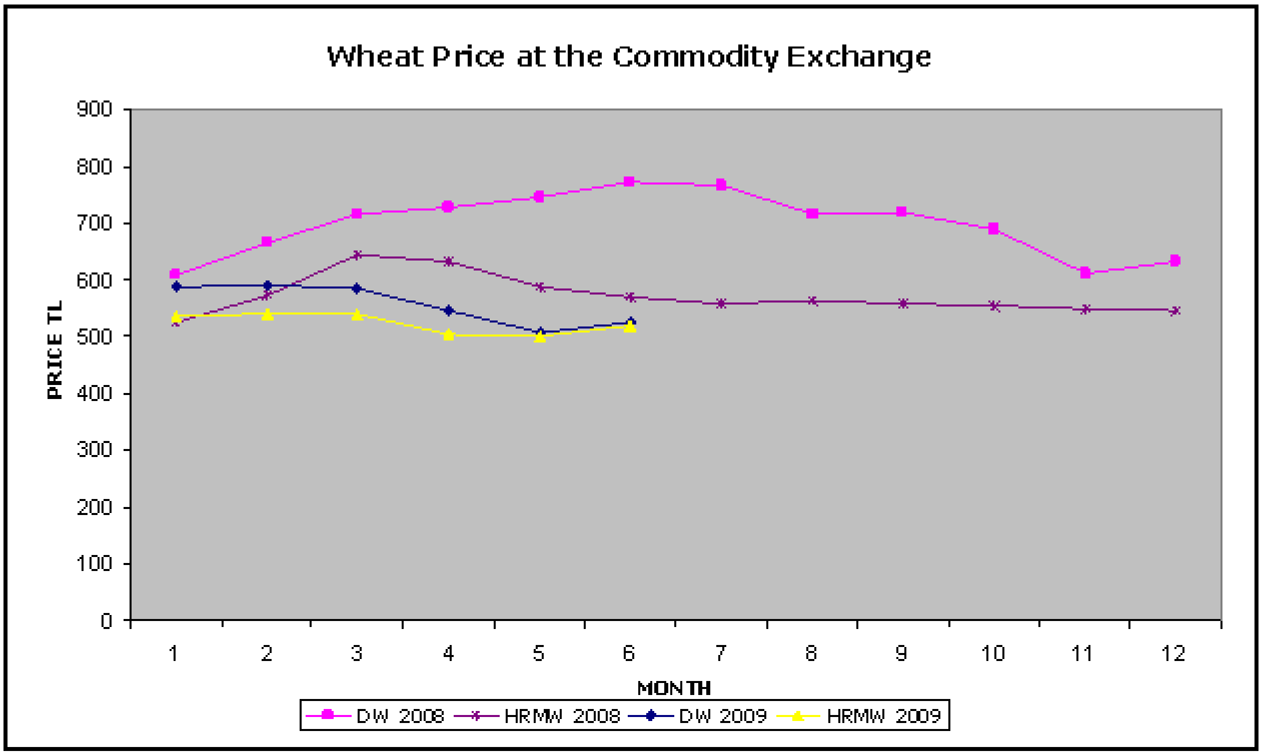
Turkey: Official wheat forecast (MMT)			
Region	**2008 Official Statistics**	**2009 TMO forecast**	**Change (%)**
Marmara	3.750	3.500	- 7
Aegean	1.832	1.950	6
Mediterranean	3.000	3.000	-
Central Anatolia	4.550	5.250	15

Black Sea	1.800	1.800	-
South East Anatolia	1.750	3.750	114
East Anatolia	1.100	1.250	13
TOTAL	**17.782**	**20.500**	**15**

Source: MARA and TMO

The most recent transaction of durum wheat recorded in the Konya and Polatli commodity exchanges listed the price as 446 and 660 TL/MT, respectively. Hard red milling wheat prices were recorded on July 16, 2009 as 423 TL/MT at the Biga Commodity Exchange (CME), 501 TL/MT at the Bandirma CME, 480 TL/MT at the Konya CME, and 559 TL/MT at the Polatli CME

Figure 1: Wheat price at Konya Commodity Exchange



Source: Konya CME

Turkish wheat imports normally are used by an inward processing regime. Asi si customary, the program was suspended on May 15, 2009 until September 15, 2009 with the start of the domestic harvest. As a result, wheat importation began to slow down in April 2009.

Turkey started to apply a reference price to wheat imports according to a decision of the Undersecretary of Foreign Trade in June, 2009. The reference price used for durum wheat is $300/MT, $200/MT for milling wheat and $150/MT for wheat bran.

Table 6: Wheat Trade

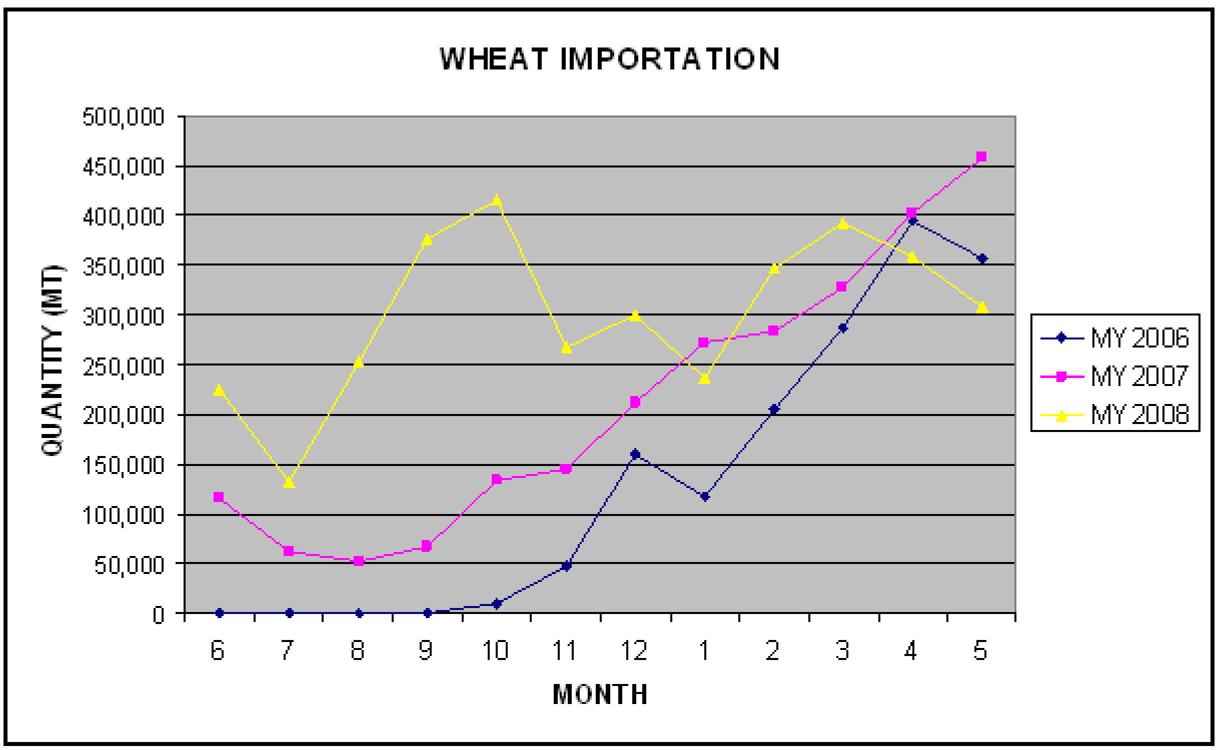
Turkey: Wheat Foreign Trade Data				
YEAR	**IMPORTS (MT)**	**IMPORTS ($)**	**EXPORTS (MT)**	**EXPORTS ($)**
MY 2006	1,578,208	361,960,618	400,300	59,281,057
MY 2007	2,527,772	1,040,364,312	18,019	8,991,278
MY 2008	3,605,858	1,171,658,955	8,123	5,635,746

Source: Turkish Statistic Institute (TUIK)

Wheat importation reached record levels in MY 2008 due to increased wheat product exports such as flour, pasta, and semolina.

Turkey is expected to import 2 MMT of wheat in MY 2009. A low quality harvest (low protein) will force Turkey to import high quality wheat under the inward processing regime to satisfy increasing demand from Middle Eastern countries for wheat flour. If a recent visit of the Undersecretariat for Foreign Trade to Indonesia helps solve the anti-dumping problem between Turkey and Indonesia, exports could increase even further.

Figure 2: Wheat Importation



Source: TUIK

Russia and Germany were the major high quality wheat suppliers for Turkey in MY 2008.

Table 7: Major wheat suppliers of Turkey

Turkey: Major wheat suppliers of Turkey, January- May 2009		
COUNTRY	**IMPORTS (MT)**	**IMPORTS ($)**
RUSSIA	773,714	206,411,045
GERMANY	352,554	100,895,677
UKRAINE	86,333	23,810,050
LITHUANIA	83,530	21,013,521
GREECE	69,247	31,095,411
TOTAL	1,643,535	473,498,481

WHEAT FLOUR

Turkey is one of the world's top wheat flour exporters. Although exports have slowed as a result of the economic crisis in the last two months of CY 2008, overall wheat flour exports were higher in MY 2008 than in MY 2007.

Despite the slowdown starting in November, wheat flour exports in MY 2008 reached 1.46 MMT. Wheat flour exports in April 2009 were 186,165 MT, compared to 60,275 MT in April 2008. There has been a steady increase in wheat flour exports since January 2009.

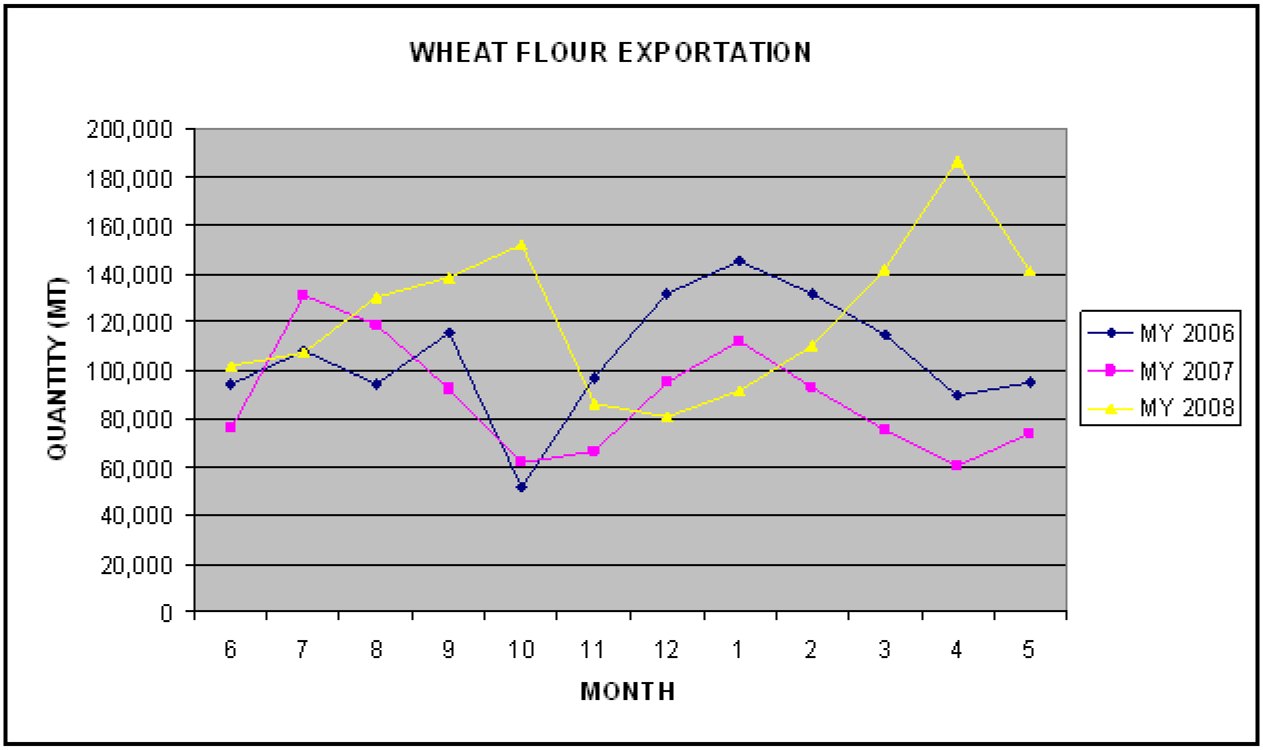
Wheat flour importation increased to 180,000 MT in June 2009 and almost reached the record level in April 2009. The normal average unit price for wheat flour is $451/MT, whereas the average was $314/MT in the first five months of CY 2009.

Table 8: Wheat flour foreign trade

Turkey: Wheat flour foreign trade				
YEAR	**IMPORTS (MT)**	**IMPORTS ($)**	**EXPORTS (MT)**	**EXPORTS ($)**
MY 2006	71	22,895	1,268,360	326,377,803
MY 2007	41	24,620	1,054,643	492,551,804
MY 2008	52.6	99,600	1,465,899	600,629,346

Source: TUIK

Figure 3: Wheat Flour Exportation



Source: TUIK

The major markets for Turkish wheat flour are Iraq and Indonesia. Despite the effect of anti-dumping measures taken against Turkish flour, Indonesia was still the second largest export market for wheat flour export from January to May, 2009. Overall wheat flour demand was strong in June 2009 and is expected to grow in the following months.

Turkish wheat flour exports to Iraq more than doubled in the January to June period of 2009 compared to the same period in 2008.

Table 9: Major wheat flour markets for Turkey

Turkey: Major wheat flour markets for Turkey, January-May 2009		
COUNTRY	**IMPORTS (MT)**	**IMPORTS ($)**
IRAQ	302,646	112,859,263
INDONESIA	157,324	43,719,850
PHILIPPINES	39,487	11,846,414
ISRAEL	39,327	10,203,281
SUDAN	28,003	8,684,679
TOTAL	670,764	220,961,286

Source: TUIK

Turkish pasta exports decreased in MY 2008 compared to MY 2007 due to strong competition and the effects of the economic crisis. Until April 2009, demand was low however the diversity of the Turkish export markets helped exporters to maintain some levels of exports throughout the downturn. Demand for pasta exports returned to normal in June 2009 and is expected to increase in the following months due to excess supply of durum wheat.

Table 10: Pasta Foreign Trade

Turkey: Pasta Foreign Trade Data				
YEAR	**IMPORTS (MT)**	**IMPORTS ($)**	**EXPORTS (MT)**	**EXPORTS ($)**
MY 2006	1,106	2,830,022	176,808	83,317,095
MY 2007	1,345	3,643,850	191,285	155,178,315
MY 2008	1,520	4,149,741	160,918	149,970,388

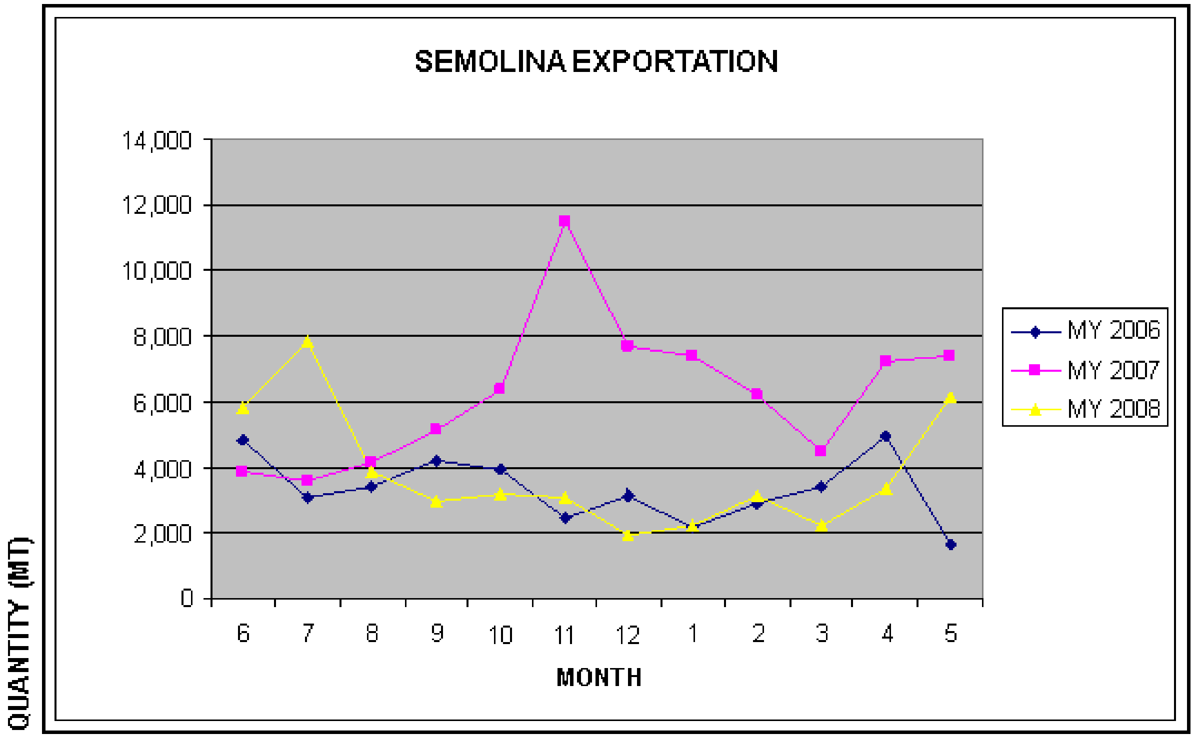
Source: TUIK

Turkey exported 17,350 MT of pasta in June 2009. This represented a slight increase from the month before. The unit price of exported pasta was 708$/MT in June 2009.

Table 11: Major markets for Turkish pasta exports

Turkey: Major markets for Turkish pasta exports January-May 2009		
COUNTRY	**IMPORTS (MT)**	**IMPORTS ($)**
U.A.E	7,285	5,132,560
IRAQ	5,418	3,595,121
TOGO	4,613	3,284,346
ISRAEL	3,384	2,577,617
DJIBOUTI	3,310	2,504,762
TOTAL	66,239	50,739,224

Figure 5: Semolina Exportation



Source: TUIK

Semolina exports also declined in MY 2008 for the same reasons that pasta exports declined.

Table 12: Semolina Foreign Trade

Turkey: Pasta Foreign Trade Data				
YEAR	**IMPORTS (MT)**	**IMPORTS ($)**	**EXPORTS (MT)**	**EXPORTS ($)**
MY 2006	409	203,883	40,222	13,397,073
MY 2007	931	548,765	75,154	42,974,265
MY 2008	13	25,341	45,676	28,845,909

Source: TUIK

Table 13: Major semolina export markets for Turkey

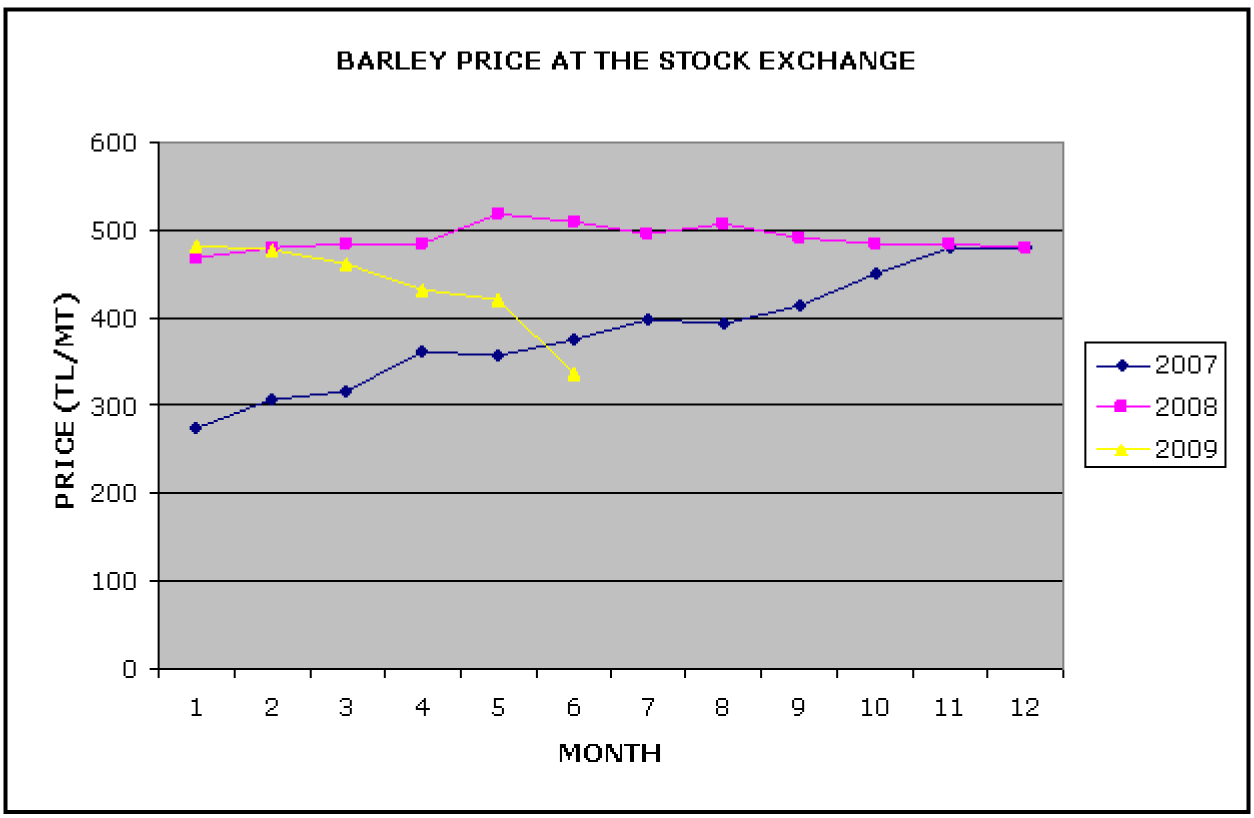
Turkey: Major semolina export markets for Turkey, January-May 2009		
COUNTRY	**IMPORTS (MT)**	**IMPORTS ($)**
SAUDI ARABIA	3,790	2,178,374
ITALY	3,000	525,000
IRAQ	2,792	1,681,971
JORDAN	2,243	1,159,837
EGYPT	1,849	642,857
TOTAL	19,228	9,329,321

Barley

The barley harvest has finished in Southeast Turkey and is almost finished in Central Anatolia. It was better than the wheat harvest in terms of quality and yield.
Barley yields in the dry areas of the Southeast were recorded as 0.3-0.35 mt/ha. The barley harvest forecast for MY 2009 remains at 6 MMT.

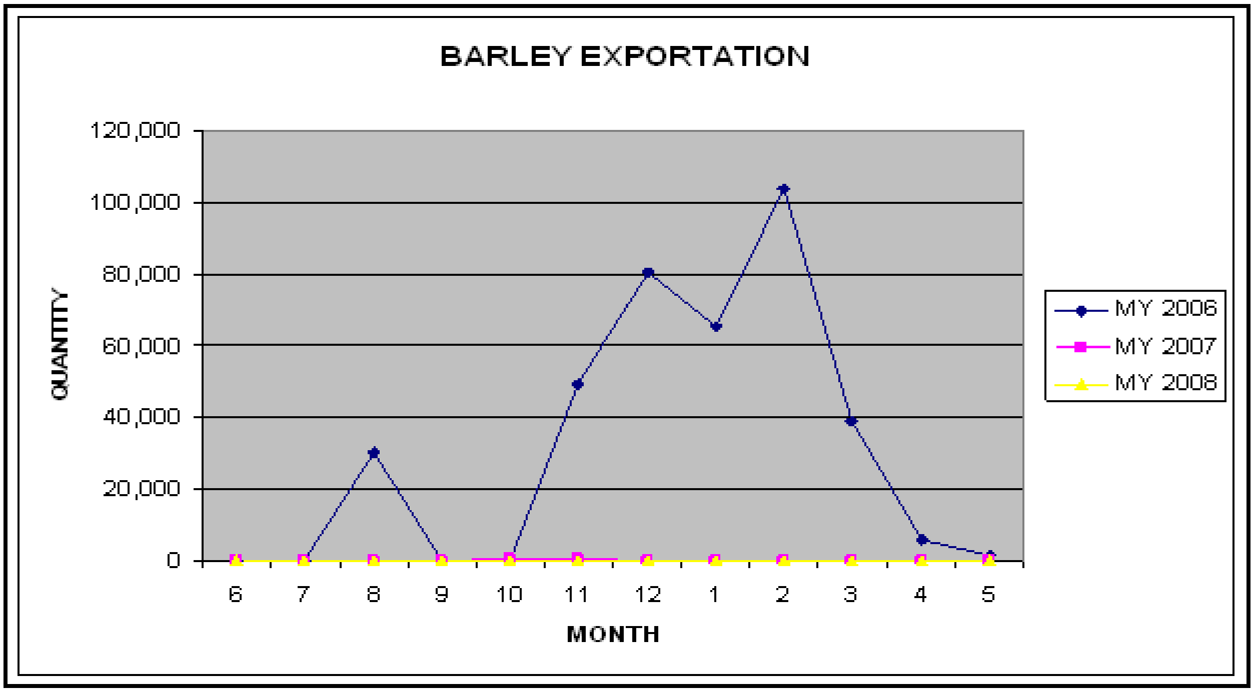
Due to a sharply drought-reduced yields and low stocks, barley exports dropped sharply in MY 2007 and MY 2008, however because of improved yields, barley exports are expected to increase in MY 2009. Feed millers bought barley at a price of 300 to 350 TL/MT. The barley price started to drop dramatically when a good harvest seemed likely.

Figure 6: Barley price at the Commodity Exchange (CME)



Source: Konya CME

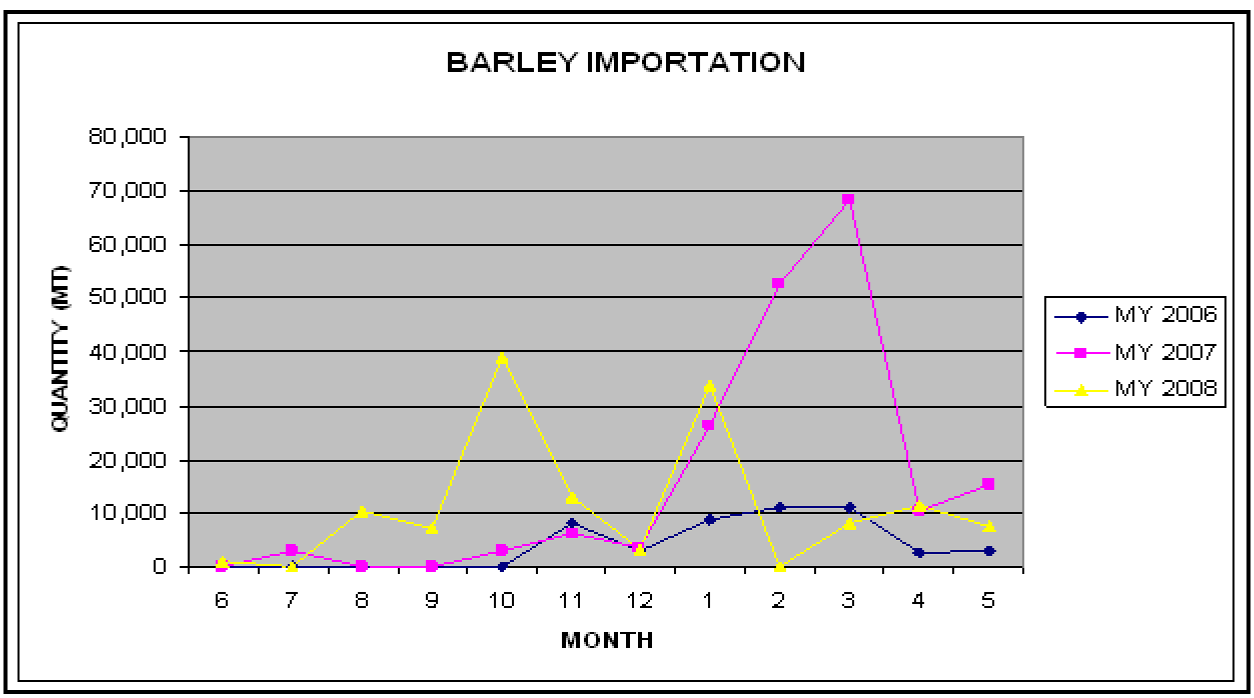
Figure 7: Barley Exportation



Source: TUIK

In MY 2008, barley importation fluctuated heavily. Because of high yields expectation in MY 2009, barley importation will be lower than MY 2008.

Figure 8: Barley Importation



Source: TUIK

The recent white barley price was 347 TL/MT at the Konya CME, 345 TL/MT at the Polatli CME, 340 at the Edirne CME, 339 at the Eskisehir CME and 333 TL/MT at the Sanliurfa CME.

Table 14: Barley Foreign Trade

Turkey : Barley Foreign Trade				
YEAR	**IMPORTS (MT)**	**IMPORTS ($)**	**EXPORTS (MT)**	**EXPORTS ($)**
MY 2006	47,455	11,200,918	374,985	71,509,098
MY 2007	188,450	70,044,181	548	264,230
MY 2008	134,591	53,165,708	80	22,945

Source: TUIK

Table 15: Major barley suppliers for Turkey

Turkey: Major barley suppliers for Turkey, January-May 2009		
COUNTRY	**IMPORTS (MT)**	**IMPORTS ($)**
FRANCE	49,519	17,491,290
RUSSIA	10,477	2,140,288
UKRAINE	957	119,280
TOTAL	60,953	19,750,858

Corn

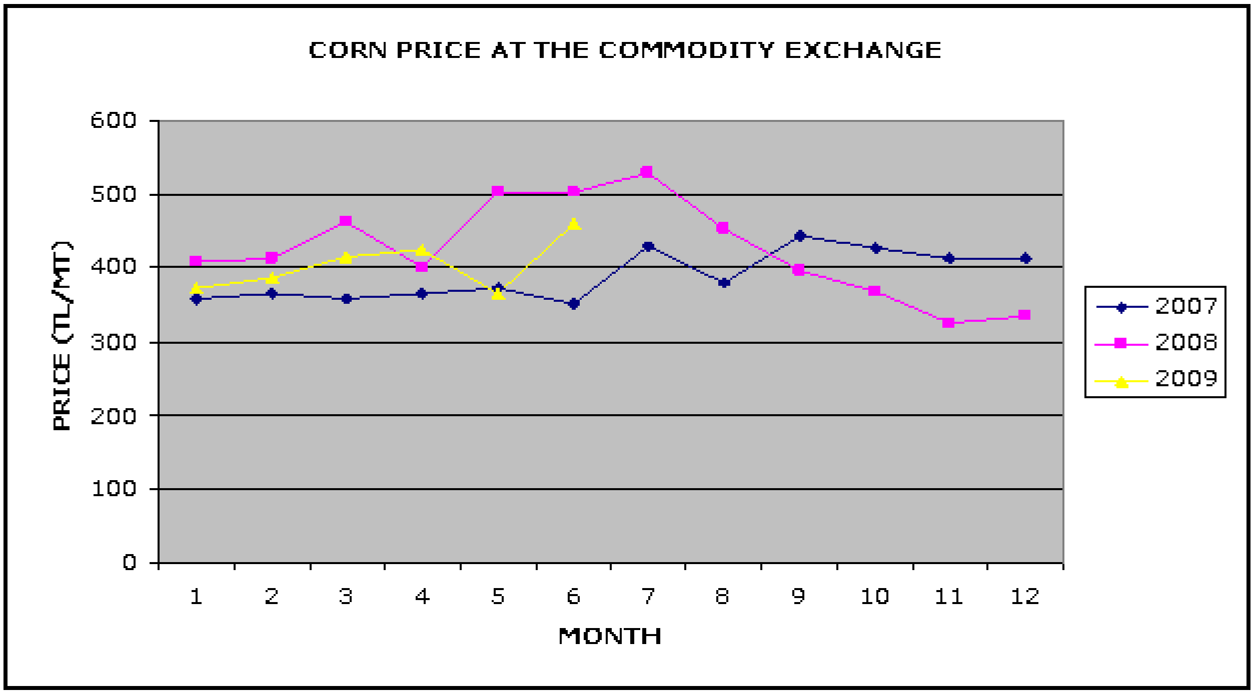
This year's first-crop corn area decreased in the Cukurova region, which is the main corn producing region in Turkey. The first-crop corn planting period in the Cukurova region is normally late February or early March, but due to heavy rain this spring, most was not planted until April. In addition, farmers chose to plant soybeans and cotton instead of first crop corn this year in order have rotation in their fields. Because of later planting and crop rotation, first crop corn production is expected to decrease. However, fertilizer prices dropped dramatically in the spring. Because of the comparatively low price of fertilizer, second crop corn area plantation is likely to increase in the Cukurova region. Farmers are currently starting to plant second crop corn in the Cukurova region.

In the GAP region (Sanliurfa, Diyarbakir), both first crop and second crop corn area increased this season.

Due to the ban on aerial spraying, there are major pest problems in the Cukurova region (Adana, Osmaniye and Mersin). The red spider mite is becoming a problem on the second crop corn in the region and the corn stalk borer and European corn borer were also problematic for the first crop corn in MY 2009.

Overall, Post is keeping the corn forecast at 3.8 MMT for MY 2009.

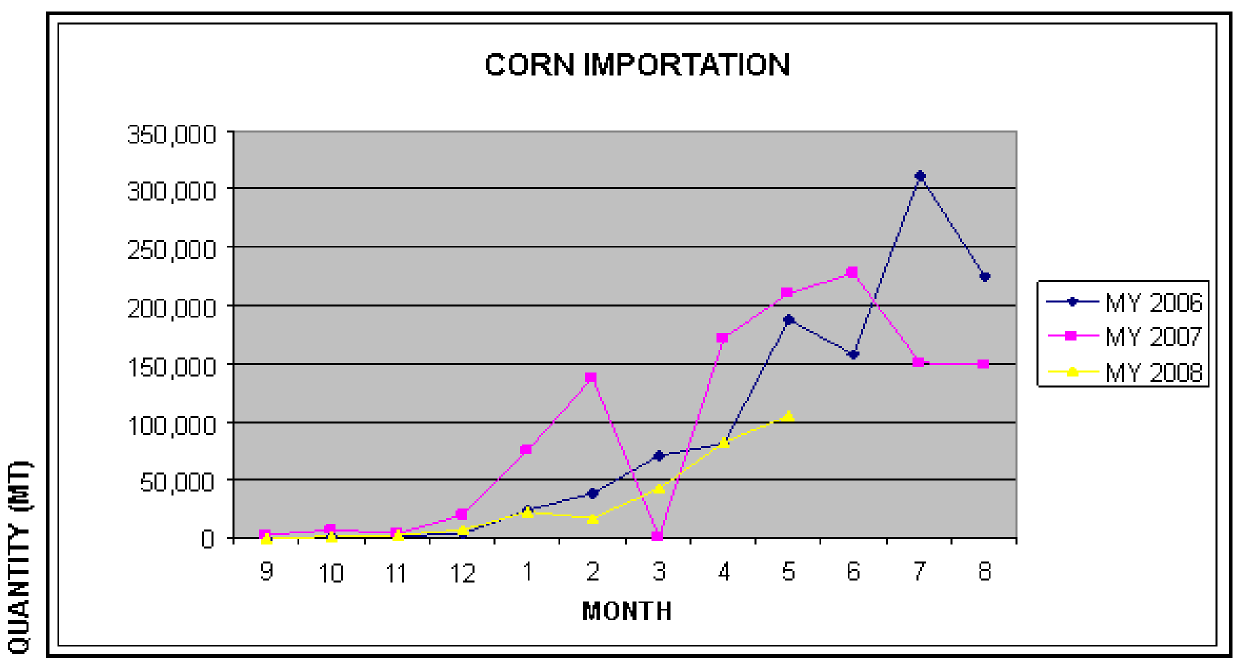
Figure 9: Corn Price at the Commodity Exchange (CME)



Source: Adana CME

Turkish corn importation started to increase in January 2009 and will cease at the end of July, 2009. Due to the high amount of low quality (feed) wheat this year, corn importation is expected to slow down during first months of MY 2009.

Figure 10: Corn Importation



Source: TUIK

Because of record yields in MY 2008, Turkish corn importation decreased significantly during MY 2008. Due to high demand from the growing poultry and livestock sector, Turkey will import more corn in MY 2009 than in MY 2008.

Table 16: Corn Foreign Trade

Turkey : Corn Foreign Trade				
YEAR	**IMPORTS (MT)**	**IMPORTS ($)**	**EXPORTS (MT)**	**EXPORTS ($)**
MY 2006	1,102,345	260,038,691	11,698	16,986,245
MY 2007	1,160,472	384,201,503	12,061	16,786,187
MY 2008*	282,547	101,453,752	15,620	24,822,896

*September 2008-May 2009

Source: TUIK

Table 17: Major corn suppliers to Turkey

Turkey: Major corn suppliers to Turkey, January-May 2009		
COUNTRY	**IMPORTS (MT)**	**IMPORTS ($)**
RUSSIA	87,319	18,257,617
UKRAINE	84,989	18,844,101
HUNGARY	39,893	10,858,852
ROMANIA	29,983	8,968,942
U.S	21,696	11,415,956
TOTAL	270,693	79,987,872

At the latest TMO procurement (June 23, 2009), TMO sold 50,000 MT of corn at a price of 188.03$ to 192.01$ (FOB Toros port). Tiryaki bought 30,000 MT of corn and Asos Grain S.A bought 20,000 MT of corn.

The latest corn price was 486 TL/MT at the Adana CME on July 15, 2009.

Table 18: Corn prices at the Adana CME

Turkey: Latest corn prices at Adana CME						
Year	January	February	March	April	May	June
2009	400	435	435	455	453	461

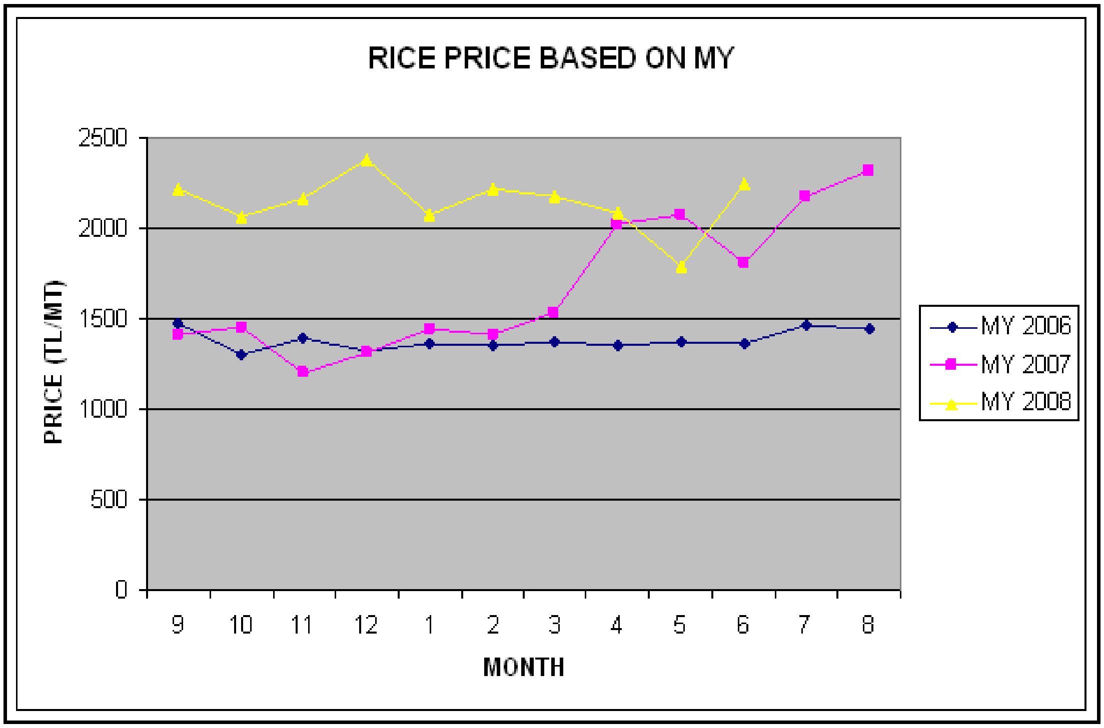
Source: Adana CME

Rice

Paddy rice planting in MY 2009 in the Marmara and Thrace regions remained at the same level as MY 2008. Due to the high amount of precipitation, a slight yield increase is expected. Rice production is forecast at 715,000 MT for MY 2009.

TMO has 10,000 MT of rice stocks. TMO started to sell rice at a price of 2,000 TL/MT for locally produced rice and 1,500 TL/MT for imported long grain white rice.

Figure 11: Rice prices at the Commodity Exchange



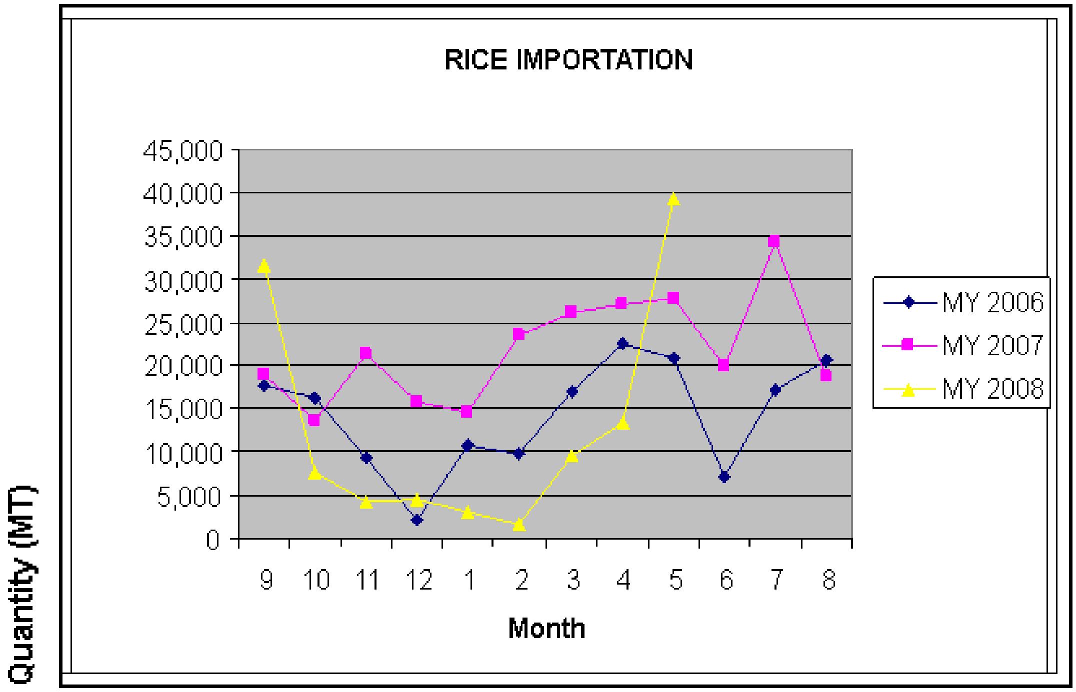
Source: Mersin CME

The locally produced rice price at the Mersin CME on July 14, 2009 was 1,314 TL/MT and the imported rice price was 1,298 TL/MT, on average.

Turkey started to export rice to Syria in MY 2008. Syria usually imports rice from Egypt but due to an unstable supply, Syria began importing rice from Turkey in October 2008 and exports reached 3,046 MT in January 2009.

Due to the low level of stocks and increased exports, Turkish rice importation increased dramatically between February and May of 2009. Egypt was the number one supplier of rice to Turkey between January and May 2009 at 23,181 MT. U.S exports of rice to Turkey remain stable, reaching 8,382 MT by May 2009.

Figure 12: Rice Importation



Source: TUIK

Due to the coming harvest season, rice importation is expected to slow down in July, 2009.

Table 19: Rice Foreign Trade

Turkey : Rice Foreign Trade				
YEAR	IMPORTS (MT)	IMPORTS ($)	EXPORTS (MT)	EXPORTS ($)
MY 2006	171,528	89,782,649	3,772	2,035,432
MY 2007	261,552	178,112,943	2,910	3,094,761
MY 2008*	115,075	77,596,995	22,190	22,653,410

*September 2008-May 2009

Source: TUIK

Some traders have been accused of mixing either cheap rice from Pakistan and Thailand into the Osmancik (local variety) rice or mixing broken rice into the normal quality rice. These accusations have negatively affected the rice market recently.

Table 20: Major rice suppliers to Turkey

Turkey: Major rice suppliers to Turkey, January-May 2009		
COUNTRY	IMPORTS (MT)	IMPORTS ($)
EGYPT	24,754	21,615,358
USA	21,542	10,630,337
PAKISTAN	4,971	2,407,596
GREECE	4,760	1,655,911
VIETNAM	3,378	1,711,719
TOTAL	67,590	42,951,381

Lentils

Red lentil prices peaked at 2,857 TL/MT in August 2008 and started to decrease when a government quota was given to TMO on July 4, 2008. The government authorized TMO to import up to 100,000 MT of lentils duty free until May 31, 2009. Under this duty free quota, TMO imported 40,100 MT of whole lentils and 8,300 MT of hulled lentils from Canada.

Red lentil prices usually increase around the Ramadan holiday. In recent days, however, traders are complaining about the low demand even though Ramadan will start on August 21..

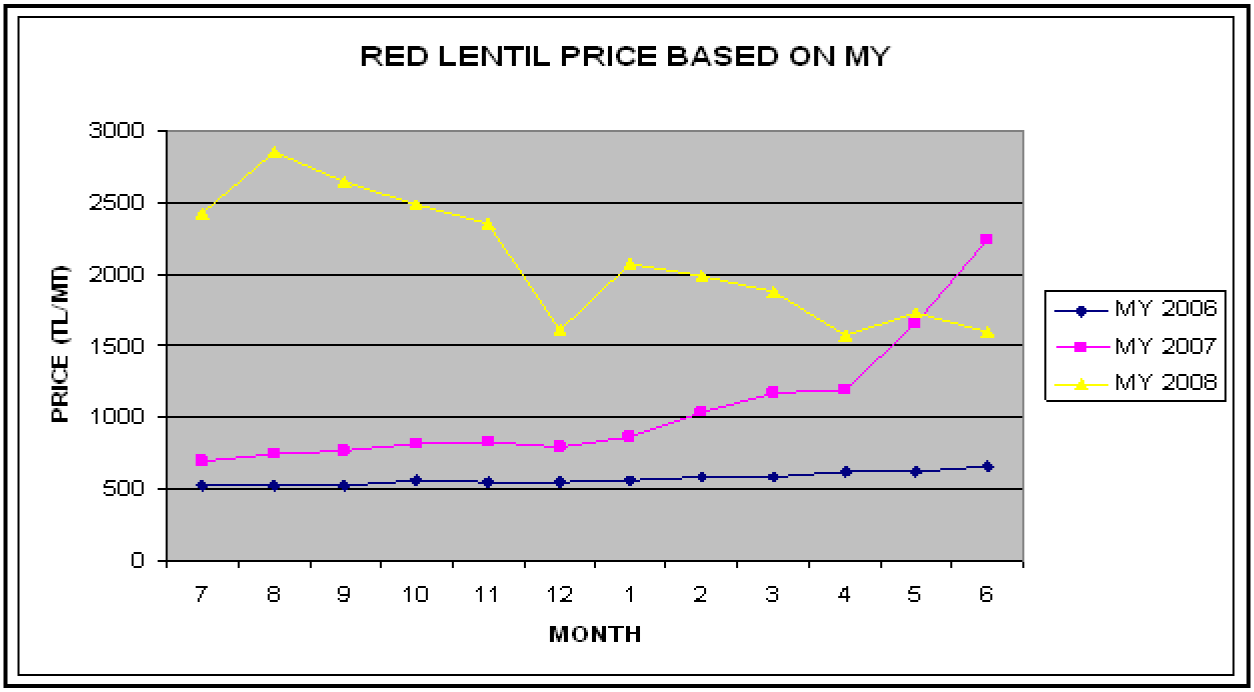
The price for locally produced whole red lentil in the Mersin CME on July 14, 2009 was 1717 TL/MT.

Sanliurfa, Diyarbakir and Mardin from Southeastern Turkey supply 75-80% of total red lentil production. The red lentil harvest started in June 2009 in the Southeast, however hot weather during April and May 2009 badly affected yields. The early forecast for red lentil production from several sources was 350,000 to 400,000 MT but due to the high temperatures, most sources now forecast the crop will be 250,000 to 300,000 MT.

In July 2009 the Undersecretary of Foreign Trade banned exportation of all kinds of lentils. The main reason for the ban is the low red lentil yields in Southeast Turkey. Although the lentil harvest has not finished yet, lentils can only be exported as part of the re-export inward processing regime.

Due to the low amount of seed stocks during the planting season, heavy rainfall and early hot weather, MY 2009 Turkish lentil production is forecast at 280,000 MT.

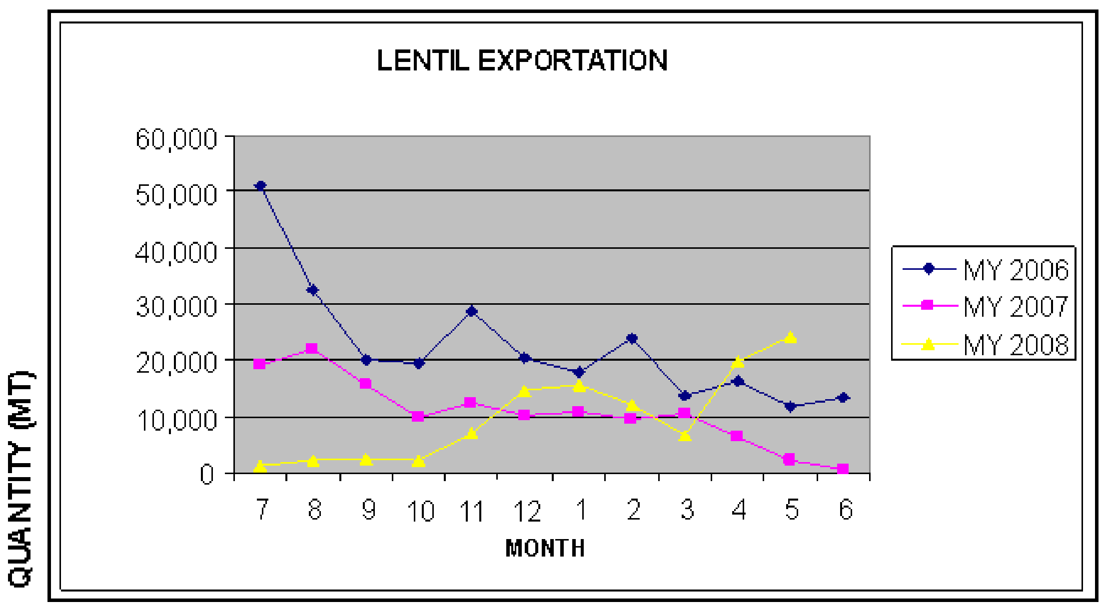
Figure 13: Whole red lentil price at Commodity Exchange



Source: Mersin CME

Due to the heavy drought on South East of Turkey, red lentil exportation of Turkey started to decline dramatically on July, 2006 and reached very low level in July 2008.

Figure 14: Lentil Exportation



Source: TUIK

In MY 2008, Turkish lentil imports reached a historic high of 272,000 MT. Canada was the main red and green lentil supplier to Turkey in January, although an undetermined share of lentils shipped out of Canadian ports were grown in the United States.

Table 21: Lentil Trade

Turkey : Lentil Trade				
YEAR	**IMPORTS (MT)**	**IMPORTS ($)**	**EXPORTS (MT)**	**EXPORTS ($)**
MY 2006	16,251	8,062,526	269,068	142,283,739
MY 2007	48,337	35,761,225	129,866	119,381,821
MY 2008*	271,598	293,620,751	108,282	152,133,808

*July 2008-May 2009

Turkey usually imports lentils under an inward processing regime and processes them in factories located in Mersin and Gaziantep, then exports them to Middle Eastern countries and Egypt.

Table 22: Major lentil suppliers to Turkey

Turkey: Major lentil suppliers to Turkey, January-May 2009			
TYPE	**COUNTRY**	**IMPORTS (MT)**	**IMPORTS ($)**
Green Lentils	CANADA	6,451	6,801,360
	RUSSIA	40	30,376
	TOTAL	**6,491**	**6,831,736**
Red Lentils	CANADA	64,779	62,597,348
	AUSTRALIA	872	1,007,799
	NEPAL	162	261,163
	EGYPT	138	124,459
	USA	95	84,369
	TOTAL	**66,046**	**64,075,138**

Official forecast for pulses in MY2009 is listed below.

- Red lentil: 300,000 MT
- Green Lentil: 50,000 MT
- Chickpea: 575,000 MT
- Dry Bean: 230,000 MT